



BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

FILED

12-17-07
04:59 PM

Order Instituting Rulemaking into the Review
Of the California High Cost Fund B Program

Rulemaking 06-06-028

**REPLY COMMENTS OF PACIFIC BELL TELEPHONE COMPANY D/B/A AT&T
CALIFORNIA (U 1001 C); AT&T ADVANCED SOLUTIONS, INC. (U 6346 C); AT&T
COMMUNICATIONS OF CALIFORNIA (U 5002 C); TCG SAN FRANCISCO
(U 5454 C); TCG LOS ANGELES, INC. (U 5462 C); TCG SAN DIEGO (U 5389 C); AND
AT&T MOBILITY LLC (NEW CINGULAR WIRELESS PCS, LLC (U 3060 C); CAGAL
CELLULAR COMMUNICATIONS (U 3021 C); SANTA BARBARA CELLULAR
SYSTEMS LTD. (U 3015 C); AND VISALIA CELLULAR TELEPHONE COMPANY
(U 3014 C)) ON PROPOSED INTERIM OPINION IMPLEMENTING
CALIFORNIA ADVANCED SERVICES FUND**

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December 17, 2007

TABLE OF CONTENTS

	<u>Page No(s)</u>
I. DRA’S PROPOSED PROVISIONS FOR LOW-INCOME CUSTOMERS ARE PREMATURE.....	1
II. PROPOSAL FOR A SURCHARGE ON VOIP IS MISPLACED	2
III. CASF SUPPORT AND CHCF-B SUPPORT ARE UNRELATED	2
IV. CONCLUSION	3

AT&T¹ hereby provides its reply to comments on the Proposed Interim Opinion Implementing California Advanced Services Fund (“CASF”) issued by Commissioner Chong (“Proposed Decision” or “PD”).

I. DRA’S PROPOSED PROVISIONS FOR LOW-INCOME CUSTOMERS ARE PREMATURE.

The Comments filed to date show near unanimous support for the CASF providing incentives to supply broadband service to areas that are truly underserved (*i.e.*, those areas only with dial-up access and satellite access to the internet). There is also broad support for the position that the CASF should not fund broadband providers simply to increase the speed of the broadband services already available to California customers. As the parties have explained, huge investments have been made by broadband providers in California, increasing broadband connections 23-fold from 1999 to 2006.² Today, almost all Californians can purchase high-speed internet access,³ and broadband providers are continuing with huge investments to increase the speeds of their offerings.⁴

DRA (at 12-13) proposed that the CASF make provisions for low-income customers. Its proposal is that “a 10-year pricing commitment for stand-alone broadband should be adopted for low-income customers.” AT&T agrees that, after addressing incentives to serve truly unserved areas (those with only dial-up internet access), the Commission should focus on considering how

¹ AT&T California (U 1001 C); AT&T Advanced Solutions, Inc. (U 6346 C); AT&T Communications of California (U 5002 C); TCG San Francisco (U 5454 C); TCG Los Angeles, Inc. (U 5462 C); TCG San Diego (U 5389 C); and AT&T Mobility LLC (New Cingular Wireless PCS, LLC (U 3060 C); Cagal Cellular Communications (U 3021 C); Santa Barbara Cellular Systems Ltd. (U 3015 C); and Visalia Cellular Telephone Company (U 3014 C)).

² See Federal Communications Commission, Industry Analysis and Technology Division (Wireline Competition Bureau), *High-Speed Services for Internet Access: Status as of December 31, 2006*, Table 10 (Oct. 2007), available at <http://hraunfoss.fcc.gov/edocs_public/attachmatch/DOC-277784A1.pdf>.

³ *Id.* at Table 14.

⁴ In fact, providers are responding to market forces with deployment of higher speed products such as AT&T’s U-Verse and Verizon’s FiOS. See AT&T’s DSL speeds (at <<http://www.att.com/gen/general?pid=6431>>) and AT&T’s U-verse speeds (at <https://uverse1.att.com/un/loadSelectOfferAction.do?From_UMA_Iframe=True&UMA_Launch_Url=/uma/RetrieveCatalogContent?ITEMTYPE=COMPONENT&ITEMID=2000466&DOCTYPE=LEARNMORE&FORMAT=IFRAME&APPID=AMSS>); Verizon’s DSL speeds (at <<http://www22.verizon.com/content/consumerdsl/plans/all+plans/all+plans.htm>>) and Verizon’s FiOS speeds (at <<http://www22.verizon.com/content/consumerfios/about+fios/v/who+wins+fios+vs+cable/who+wins+fios+vs+cable.htm>>). See also Sprint Comments, p. 1.

to promote the adoption of existing broadband offerings. While AT&T disagrees with DRA's specific solution, a specific price for the low-income segment of the population (or other segments of the population), adoption is a topic appropriate for the Commission to address. AT&T urges that, instead of the CASF being used to fund increasing speeds in areas with existing broadband, the Commission should schedule workshops and further comments to consider how to expand adoption.

II. PROPOSAL FOR A SURCHARGE ON VOIP IS MISPLACED.

DRA (at 1) proposes that the Commission expand its base of services subject to surcharge such as VoIP. AT&T shares DRA's concern with the potentially declining base of revenues to which the Commission's current surcharges apply. That issue, however, is being addressed on a more comprehensive basis in another proceeding, namely, R.06-05-028; DRA's proposal is appropriately being considered there and should not be addressed in isolation in this proceeding.

III. CASF SUPPORT AND CHCF-B SUPPORT ARE UNRELATED.

DRA (at 13) proposes that any provider getting CASF support be precluded from also getting CHCF-B support for the same area. DRA's claim that this bar would prevent "double dipping" is wholly unsupported and misinformed. CHCF-B support and CASF support are designed to address two different types of cost. A carrier receives CHCF-B support toward the ongoing cost of providing voice service over existing facilities; it would receive CASF support toward the one-time capital cost of deploying new broadband facilities (or upgrading existing voice facilities to provide broadband service). If there is a voice network present that is receiving CHCF-B support, and the carrier seeks and receives CASF support, that support will only go toward the cost of upgrading the voice facilities to provide broadband service. It would not go towards the separate cost of the existing voice capabilities. The capital costs of the upgrade would be unnecessary for voice, as voice is already being provided by the existing network.

IV. CONCLUSION

AT&T urges the Commission to adopt the changes AT&T identified in comments filed December 10, 2007, before adopting the CASF.

Dated at San Francisco, California, this 17th day of December 2007.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing **REPLY COMMENTS OF PACIFIC BELL TELEPHONE COMPANY D/B/A AT&T CALIFORNIA (U 1001 C); AT&T ADVANCED SOLUTIONS, INC. (U 6346 C); AT&T COMMUNICATIONS OF CALIFORNIA (U 5002 C); TCG SAN FRANCISCO (U 5454 C); TCG LOS ANGELES, INC. (U 5462 C); TCG SAN DIEGO (U 5389 C); AND AT&T MOBILITY LLC (NEW CINGULAR WIRELESS PCS, LLC (U 3060 C); CAGAL CELLULAR COMMUNICATIONS (U 3021 C); SANTA BARBARA CELLULAR SYSTEMS LTD. (U 3015 C); AND VISALIA CELLULAR TELEPHONE COMPANY (U 3014 C)) ON PROPOSED INTERIM OPINION IMPLEMENTING CALIFORNIA ADVANCED SERVICES FUND** on all persons on the official service List in **R.06-06-028**, via e-mail, hand-delivery and/or first-class U.S. Mail.

Dated this 17th day of December 2007 at San Francisco, California.

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CALIFORNIA PUBLIC UTILITIES COMMISSION

Service Lists

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[Top of Page](#)

[Back to INDEX OF SERVICE LISTS](#)